



## Testimony Before the Appropriations Committee

*H. B. No. 6364 AN ACT MAKING DEFICIENCY  
APPROPRIATIONS FOR THE FISCAL YEAR ENDING  
JUNE 30, 2009*

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Good morning, Senator Harp, Representative Geragosian and members of the Appropriations Committee. My name is Claudette Beaulieu and I am the Deputy Commissioner for Programs of the Department of Social Services. I am here on behalf of Commissioner Michael Starkowski, who is recovering from surgery. I am here today to present testimony on SFY 2009 anticipated agency budgetary deficiencies.

The Department is projecting a \$51 million shortfall in the Medicaid account. In reviewing the deficiency for the Department, it is important to note that caseload trends in our budget are significantly different from those that were projected during the 2007 session, when our budget for SFY 2009 was appropriated. As you know, the mid-term budget adjustment was not adopted. As a result, our SFY 2009 appropriation does not include those changes which would normally have been made. At the time the original SFY 2009 appropriation was established, it was not apparent to anyone that we would see the rapid decline in the economy that has been experienced.

Overall caseloads for the Medicaid program were approximately 393,300 in June of 2007. As of March 2009, overall caseloads are now approximately 437,600, an increase of 43,300 clients, or 11%. In a program of the magnitude of the Medicaid program, such increases clearly have contributed to our additional expenditures. While a portion of this client increase was expected, it is easy to see that even an underestimate of a few percent can lead to sizable budget impacts. For every percent of unexpected variance in the volume of clients outside of the long term care area, a corresponding adjustment of up to \$24 million could be necessary.

Of this overall caseload increase, a significant portion can be attributed to higher caseloads in our HUSKY A program. In the original appropriation for HUSKY A, approximately 317,000 clients per month were forecast. Currently, we are experiencing an average SFY 2009 caseload of 330,000 for HUSKY A. At current costs per member of approximately \$260 per member per month, this alone results in an additional \$40 million in costs over the original appropriation forecast.

The successful implementation of the dental carveout, coupled with legislative rate enhancements, has led to significant growth in services and expenditures in this area which would have been difficult to fully anticipate when the original SFY 2009 appropriation was established. This is a welcome development as a policy matter – more children now have access to dental services – but it is clearly having a budget impact.

In SFY 2008, the dental appropriation was approximately \$11 million and only included non-HUSKY adult dental services. Managed care dental services to HUSKY adults and children were included under the managed care estimate. Since that time, dental services have been carved out of managed care and funds have been allocated for both adult and children's dental rate increases. These changes were expected to increase dental services by approximately \$68 million, for a revised appropriation of \$79 million. As we now expect dental costs of approximately \$91 million in SFY 2009, this is an increase of \$12 million over expectations.

Another of our successful carveouts, the Behavioral Health Partnership, has experienced a variation in expenses from the original SFY 2009 appropriation. The HUSKY caseload increases we have experienced also impact this area. A shortfall of approximately \$11 million can be attributed to this program.

Additional requirements also result from our recent April FAC transfer. Given a lack of accounts with surpluses in the current year, for cash flow purposes, the Department was forced to request funds from the Medicaid account to cover expected shortfalls. A total of \$27.5 million from Medicaid was required to meet these needs.

Offsetting these additional requirements is an expected surplus under the nursing home portion of long term care services. With additional community options for clients and the decline in nursing home bed days, expenditures for these services are coming in less than original appropriation levels.

